

CENTRAL INTELLIGENCE AGENCY

WASHINGTON, D.C. 20505

The Honorable Gerald P. Carmen
Administrator of General Services
General Services Administration
Washington, D.C. 20406

Dear Jerry:

The purpose of this letter is to advise you that the Central Intelligence Agency has determined it must be excluded from the scope of the General Services Administration's mandatory Federal Supply Schedule contract program, 41 CFR 101-26.401-1. This Agency fully subscribes to the spirit and intent of GSA's efforts to establish and conduct an efficient and cost effective procurement management program for the Federal Government. However, the procedures established by GSA in the areas of mandatory use of FSS contracts, waivers for similar items, maximum order dollar limitations, and authorization to purchase identical items when available from a non-Schedule source at a lower price create unacceptable security risks to the ongoing operations of this Agency.

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The Federal Property and Administrative Services Act, 41 USC 481, authorizes the Administrator to prescribe procurement policies and procedures when he determines that they are "advantageous to the Government in terms of economy, efficiency, or service, and with due regard to the program activities of the agencies concerned." The Act, section 474, also provides for a specific exemption from its provisions when such are deemed to be causing an impairment in the authority of a designated

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agency. I have concluded that the aforementioned procedures do impair this Agency's ability to conduct its program activities in a timely and secure manner.

I, therefore, propose that the Central Intelligence Agency employ FSS contracts as an optional source of supply. Nevertheless, this Agency will make every effort to utilize FSS contracts to the maximum practical extent within the bounds of national security constraints.

A favorable response to this request will be most appreciated.

Sincerely,

Max Hugel
Deputy Director
for
Administration

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/s/ James H. McDonald

Director of Logistics

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